NCA
FOR IOP/FN
BACKGROUNDER 1-0913 JUNE 9, 1976
WILLIAM WADE/LONDON

THE POUND, THE SUMMIT AND PUERTO RICO

ANNCR:

A MASSIVE NEW INTERNATIONAL CREDIT FOR THE BRITISH POUND IS PART OF THE BACKGROUND FOR THE SCHEDULED ECONOMIC SUMMIT IN PUERTO RICO LATER THIS MONTH. FROM LONDON VOA CORRESPONDENT WILLIAM WADE EXPLAINS:

VOICE:

MORE THAN A YEAR AGO, WHEN INDUSTRIAL COUNTRIES WERE SUFFERING FROM THE WORST ECONOMIC RECESSION IN FORTY YEARS, THERE WERE CALLS FOR CLOSER INTERNATIONAL CONSULTATION AND COOPERATION. THEY LED TO AN UNPRECEDENTED ECONOMIC SUMMIT AT RAMBOUILLET NEAR PARIS LAST NOVEMBER -- WITH PRESIDENT FORD JOINING THE LEADERS OF GERMANY, FRANCE, BRITAIN, ITALY AND JAPAN IN A WEEKEND OF QUIET TALKS. NOW, AT PRESIDENT FORD'S INVITATION, A SIMILAR SUMMIT IS TO BE HELD JUNE TWENTY-SEVENTH AND TWENTY-EIGHTH IN PUERTO RICO. CANADA IS BEING ADDED TO THE ORIGINAL RAMBOUILLET SIX -- AND AGAIN THE TALK WILL BE THE ECONOMIC OUTLOOK FOR KEY COUNTRIES WITH THE WIDEST POSSIBLE INFLUENCE ON WORLD TRADE.

THE PARTICIPANTS ARE, FOR THE MOST PART, WELL ALONG THE ROAD TO RECOVERY, WITH INDUSTRIAL OUTPUT GAINING AND UNEMPLOYMENT DOWN. THE RECOVERY PROCESS HAD ALREADY STARTED AT RAMBOUILLET. NOW, WITH STILL LESS OF A CRISIS APPARENT, POLITICAL OBSERVERS HAVE LINKED THE MEETING TO ELECTION CAMPAIGNS IN THE UNITED STATES AND ELSEWHERE, ARGUING THAT PRESIDENT FORD AND OTHER PARTICIPANTS ARE WOOING VOTERS AS WELL AS MENDING ECONOMIC FENCES.

EVEN IF THIS IS SO, ECONOMISTS ARE EAGER FOR THE MEETING BECAUSE OF THE OBVIOUS BENEFITS OF COORDINATING RECOVERY, STAVING OFF FUTURE INFLATION AND MAINTAINING TRADE.

ONE OF THE ACCOMPLISHMENTS AT RAMBOUILLET WAS AGREEMENT ON STEPS TO COMBAT DISORDERLY CONDITIONS ON WORLD MONEY MARKETS IN CONNECTION WITH FLOATING EXCHANGE RATES. IT WAS PRECISELY UNDER THIS AGREEMENT THAT THE CENTRAL BANKS OF TEN LEADING INDUSTRIAL NATIONS ON MONDAY EXTENDED A FIVE THOUSAND MILLION DOLLAR CREDIT TO THE BANK OF ENGLAND TO HELP DEFEND THE BRITISH POUND. THE POUND -- TARGET OF WEEKLONG SELLING -- SEEMED TO BE SINKING JUST AT THE POINT WHEN MANY OTHER THINGS ABOUT THE BRITISH ECONOMY WERE IMPROVING. THE BIG INTERNATIONAL CREDIT MAY PROVE A TURNING POINT... IF SO, IT WILL HELP NOT ONLY BRITAIN BUT ALSO ITS TRADING PARTNERS IN THE DEVELOPING WORLD AS WELL AS AMONG THE INDUSTRIAL GIANTS.

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